ECONOMIC REVIEW 2012
ST. JOHN'S METROPOLITAN AREA

2012 Performance

The labour force of the St. John's Census Metropolitan Area (CMA) increased by 4.3% or 4,900 due to a significant increase in the participation rate. The participation rate (the proportion of the working age population who is either working or looking for work) increased sharply, reaching a 17-year high of 72.3%, which is the sixth highest in Canada. With labour force growth outpacing employment growth the unemployment rate in the CMA increased by 0.6 percentage points to 7.2%, which is still low in a historical context.

Employment in the CMA increased by 3.6% (or 3,800) to 109,200—goods sector employment increased by 4.5% (or 800) to 18,700 and service sector employment increased by 3.3% (or 2,900) to 90,400.[1] Goods sector employment gains were led by increases in Utilities and Construction, while service sector gains were broad-based across a variety of service sector industries.

Strong employment growth and wage gains boosted labour income, and personal income increased by 7.8% to $8.8 billion. As a result, retail sales are estimated to have increased by 6.9% in the CMA in comparison to an estimated increase of 5.6% for the province.

Over the January to November 2012 period, the value of non-residential building permits issued in the CMA increased 92.2% (to $295.5 million) compared to the same period a year earlier. The value of residential building permits decreased 4.4% (to $438.0 million). Housing starts increased by 12.0% in 2012 to a record level 2,153 units. Housing construction remains robust due to low interest rates, personal income gains and continued high levels of consumer confidence. Furthermore, rapidly increasing house prices (up 11.7% in the first three quarters of 2012, compared to the same period of 2011) are boosting household wealth and purchasing power.

Economic Indicators
St. John's Metropolitan Area, 2011-2012

	2011	2012e	% Change 2011-12e
Real GDP (2007$M)	13,999	13,950	-0.4%
Employment	105,400	109,200	3.6%
Labour Force	112,800	117,700	4.3%
Unemployment Rate	6.6%	7.2%	0.6 ppt
Participation Rate	70.0%	72.3%	2.3 ppt
Personal Income ($M)	8,192	8,835	7.8%
Retail Trade ($M)	3,458	3,696	6.9%
Housing Starts	1,923	2,153	12.0%
CPI (2002=100)	121.4	124.0	2.1%
Population	198,361	201,038	1.3%

The population of the St. John's CMA increased by an estimated 1.3% last year. The CMA population has increased steadily over the past decade and now stands at over 201,000. It is estimated that since 2001, when the 1990s trend of population decline bottomed out, the population of the St. John's CMA has increased by more than 11%.

[1] Sector employment may not sum to total due to rounding.

ST. JOHN'S
DEPARTMENT OF ECONOMIC DEVELOPMENT, TOURISM & CULTURE

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Real Gross Domestic Product (GDP) attributed to the CMA is estimated to have declined by 0.4% in 2012 to $13.95 billion (in 2007$)—in comparison to an increase of 0.1% for the province as a whole. The overall decrease was due entirely to the roughly 21% decrease in oil production last year. This decline was the result of prolonged maintenance shutdowns at the Terra Nova and White Rose projects and natural declines. Excluding the oil and gas industry, the CMA's 2012 real GDP increased by 6.3%. Gains outside of oil were primarily due to increased capital spending and employment related to major project development, namely the Long Harbour nickel processing facility and the Hebron offshore oil project. Industries contributing to significant growth include Construction; Manufacturing; Wholesale and Retail Trade; and Professional, Scientific and Technical Services. Increases in employment, wages and general optimism with respect to future major projects continue to boost economic activity in the St. John's CMA.

Outlook for 2013

Economic growth—as measured by real GDP—is expected to increase again in 2013 due primarily to gains in exports stemming from higher oil production. Domestic demand is expected to continue to be robust as major project investment remains high. Construction activity at the site of Vale's nickel processing facility in Long Harbour will be completed in 2013, but the Hebron and Muskrat Falls developments are expected to ramp up significantly. In addition to the gains in oil production, other private sector industries related to this investment, such as Construction; Professional, Scientific and Technical Services; and Wholesale and Retail Trade, are all expected to do well in 2013. Increased employment and income will bolster consumer spending—retail trade is also expected to again record steady growth.

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